

House Amendment 1599

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1 1 Amend House File 819 as follows:
1 2 #1. Page 1, by inserting before line 1 the
1 3 following:
1 4 <DIVISION I
1 5 HISTORIC TAX CREDITS>
1 6 #2. Page 9, by inserting after line 8 the
1 7 following:
1 8 <DIVISION II
1 9 DATA CENTERS
1 10 Sec. _____. Section 423.3, subsection 93, Code 2009,
1 11 is amended to read as follows:
1 12 93. a. (1) The sales price from the sale or
1 13 rental of computers and equipment that are necessary
1 14 for the maintenance and operation of a web search
1 15 portal business or data center and property whether
1 16 directly or indirectly connected to the computers,
1 17 including but not limited to cooling systems, cooling
1 18 towers, and other temperature control infrastructure;
1 19 power infrastructure for transformation, distribution,
1 20 or management of electricity used for the maintenance
1 21 and operation of the web search portal business or
1 22 data center, including but not limited to exterior
1 23 dedicated business-owned substations, back-up power
1 24 generation systems, battery systems, and related
1 25 infrastructure; and racking systems, cabling, and
1 26 trays, which are necessary for the maintenance and
1 27 operation of the web search portal business or data
1 28 center.
1 29 (2) The sales price of back-up power generation
1 30 fuel, that is purchased by a web search portal
1 31 business or data center for use in the items listed in
1 32 subparagraph (1).
1 33 (3) The sales price of electricity purchased for
1 34 use by a web search portal business or data center.
1 35 b. For the purpose of claiming this exemption, all
1 36 of the following requirements shall be met:
1 37 (1) The purchaser or renter shall be a web search
1 38 portal business or data center.
1 39 (2) The web search portal business or data center
1 40 shall have a physical location in the state that is
1 41 used for the operations and maintenance of the web
1 42 search portal business or data center.
1 43 (3) (a) The web search portal business shall make
1 44 a minimum investment in an Iowa physical location of
1 45 two hundred million dollars within the first six years
1 46 of operation in Iowa beginning with the date the web
1 47 search portal business initiates site preparation
1 48 activities. The minimum investment includes the
1 49 initial investment, including land and subsequent
1 50 acquisition of additional adjacent land and subsequent
2 1 investment at the Iowa location.
2 2 (b) The data center shall make a minimum
2 3 investment in an Iowa physical location of one million
2 4 dollars within the first six years of operation in
2 5 Iowa beginning with the date the data center initiates
2 6 site preparation activities. The minimum investment
2 7 includes the initial investment, including land and
2 8 subsequent acquisition of additional adjacent land and
2 9 subsequent investment at the Iowa location.
2 10 (4) (a) The web search portal business shall
2 11 purchase, option, or lease Iowa land not later than
2 12 December 31, 2008, for any initial investment.
2 13 However, the December 31, 2008, date shall not affect
2 14 the future purchases of adjacent land and additional
2 15 investment in the initial or adjacent land to qualify
2 16 as part of the minimum investment for purposes of this
2 17 exemption.
2 18 (b) The data center shall purchase, option, or
2 19 lease Iowa land not later than December 31, 2009, for
2 20 any initial investment. However, the December 31,
2 21 2009, date shall not affect the future purchases of
2 22 adjacent land and additional investment in the initial
2 23 or adjacent land to qualify as part of the minimum
2 24 investment for purposes of this exemption.

2 25 c. This exemption applies from the date of the
2 26 initial investment in or the initiation of site
2 27 preparation activities for the web search portal
2 28 facility or data center as described in paragraph "b".
2 29 For purposes of claiming this exemption, the
2 30 requirements may be met by aggregating the various
2 31 Iowa investments and other requirements of the web
2 32 search portal business's affiliates or data center's
2 33 affiliates. This exemption applies to affiliates of
2 34 the web search portal business or data center.

2 35 d. Failure to meet eighty percent of the minimum
2 36 investment amount requirement specified in paragraph
2 37 "b" within the first six years of operation from the
2 38 date the web search portal business or data center
2 39 initiates site preparation activities will result in
2 40 the web search portal business or data center losing
2 41 the right to claim this ~~web search portal business~~
2 42 exemption and the web search portal business or data
2 43 center shall pay all sales or use tax that would have
2 44 been due on the purchase or rental or use of the items
2 45 listed in this exemption, plus any applicable penalty
2 46 and interest imposed by statute.

2 47 e. For purposes of this subsection:

2 48 (1) "Affiliate" means an entity that directly or
2 49 indirectly controls, is controlled with or by, or is
2 50 under common control with another entity.

3 1 (2) "Control" means any of the following:

3 2 (a) In the case of a United States corporation,
3 3 the ownership, directly or indirectly, of fifty
3 4 percent or more of the voting power to elect
3 5 directors.

3 6 (b) In the case of a foreign corporation, if the
3 7 voting power to elect the directors is less than fifty
3 8 percent, the maximum amount allowed by applicable law.

3 9 (c) In the case of an entity other than a
3 10 corporation, fifty percent or more ownership interest
3 11 in the entity, or the power to direct the management
3 12 of the entity.

3 13 (3) "Data center" means a facility, or portion of
3 14 a facility, that is predominately used for the housing
3 15 and operation of computer data processing hardware and
3 16 associated equipment directly in support thereof.

3 17 ~~(3)~~ (4) "Web search portal business" means an
3 18 entity whose business among other businesses is to
3 19 provide a search portal to organize information; to
3 20 access, search, and navigate the internet, including
3 21 research and development to support capabilities to
3 22 organize information; or to provide internet access,
3 23 navigation, or search functionalities.

3 24 Sec. _____. Section 427.1, subsection 36, Code 2009,
3 25 is amended to read as follows:

3 26 36. WEB SEARCH AND DATA CENTER PROPERTY.

3 27 a. Property, other than land and buildings and
3 28 other improvements, that is utilized by a web search
3 29 portal business or data center as defined in and
3 30 meeting the requirements of section 423.3, subsection
3 31 93, including computers and equipment that are
3 32 necessary for the maintenance and operation of a web
3 33 search portal business or data center and other
3 34 property whether directly or indirectly connected to
3 35 the computers, including but not limited to cooling
3 36 systems, cooling towers, and other temperature control
3 37 infrastructure; power infrastructure for
3 38 transformation, distribution, or management of
3 39 electricity, including but not limited to exterior
3 40 dedicated business-owned substations, and power
3 41 distribution systems which are not subject to
3 42 assessment under chapter 437A; racking systems,
3 43 cabling, and trays; and back-up power generation
3 44 systems, battery systems, and related infrastructure
3 45 all of which are necessary for the maintenance and
3 46 operation of the web search portal business or data
3 47 center.

3 48 b. This ~~web search portal business~~ exemption
3 49 applies beginning with the assessment year the
3 50 investment in or construction of the facility
4 1 utilizing the materials, equipment, and systems set
4 2 forth in paragraph "a" are first assessed. For
4 3 purposes of claiming this ~~web search portal business~~
4 4 exemption, the requirements may be met by aggregating
4 5 the various Iowa investments and other requirements of

4 6 the web search portal business's affiliates or data
4 7 center's affiliates as allowed under section 423.3,
4 8 subsection 93. This exemption applies to affiliates
4 9 of the web search portal business or data center.
4 10 Sec. _____. IMPLEMENTATION. Section 25B.7 does not
4 11 apply to the property tax exemption enacted in this
4 12 division of this Act.>
4 13 #3. Title page, line 1, by inserting after the
4 14 words <relating to> the following: <taxes by
4 15 providing for>.
4 16 #4. Title page, line 5, by inserting after the
4 17 word <affairs> the following: <and providing for
4 18 sales, use, and property tax exemptions for certain
4 19 data centers>.
4 20 #5. By renumbering as necessary.
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4 23
4 24 RANTS of Woodbury
4 25 HF 819.301 83
4 26 tw/sc/23784